

# Facts and figures.

## Interim Report as of June 30, 2016

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**Schindler**

# Key figures as of June 30, 2016

## 1st half: January to June

In CHF million	2016	2015	Δ %	Δ % local currencies
Orders received	<b>5 083</b>	4 977	+2.1	+2.3
Revenue	<b>4 645</b>	4 492	+3.4	+3.9
Operating profit (EBIT)	<b>504</b>	476	+5.9	+7.6
in %	<b>10.9</b>	10.6		
Net income from financing and investing activities	<b>-17</b>	0		
Profit before taxes	<b>487</b>	476	+2.3	
Income taxes	<b>115</b>	118		
Net profit	<b>372</b>	358	+3.9	
Cash flow from operating activities	<b>427</b>	472	-9.5	
Investments in property, plant, and equipment	<b>69</b>	77	-10.4	
	<b>30.6.2016</b>	31.12.2015		
Order backlog	<b>9 910</b>	9 364	+5.8	+7.0
Number of employees	<b>57 425</b>	56 762	+1.2	

## 2nd quarter: April to June

In CHF million	2016	2015	Δ %	Δ % local currencies
Orders received	<b>2 616</b>	2 534	+3.2	+2.6
Revenue	<b>2 469</b>	2 355	+4.8	+4.4
Operating profit (EBIT)	<b>269</b>	254	+5.9	+5.9
in %	<b>10.9</b>	10.8		
Net income from financing and investing activities	<b>-22</b>	0		
Profit before taxes	<b>247</b>	254	-2.8	
Income taxes	<b>57</b>	64		
Net profit	<b>190</b>	190	-	
Cash flow from operating activities	<b>94</b>	141	-33.3	
Investments in property, plant, and equipment	<b>36</b>	42	-14.3	
	<b>30.6.2016</b>	31.3.2016		
Order backlog	<b>9 910</b>	9 627	+2.9	+2.1
Number of employees	<b>57 425</b>	57 123	+0.5	

# Pleasing growth and improved profitability

In the first half of 2016, Schindler pursued its growth strategy while, at the same time, improving profitability. In spite of the softening of the global new installations market, Schindler reported a 2.1% increase in orders received to CHF 5 083 million, corresponding to an increase of 2.3% in local currencies.

Schindler increased revenue by 3.4% to CHF 4 645 million in the first half of 2016 (+3.9% in local currencies). Operating profit (EBIT) rose by 5.9% to CHF 504 million (+7.6% in local currencies) and the EBIT margin reached 10.9% (first half of 2015: 10.6%), or 11.1% before restructuring costs. Net profit improved by 3.9% to CHF 372 million.

## **Orders received exceed CHF 5 billion**

In the first half of 2016, orders received grew by 2.1% to CHF 5 083 million (first half of 2015: CHF 4 977 million), corresponding to an increase of 2.3% in local currencies. The Europe and Americas regions produced the strongest growth. Developments in Asia-Pacific were mixed, with the weakening Chinese market having an adverse impact, while the other countries in the region generated good growth. In spite of the softening of the global new installations market, Schindler was able to increase its order intake thanks to the execution of its growth strategy.

In the second quarter of 2016, orders received rose by 3.2% to CHF 2 616 million (second quarter of 2015: CHF 2 534 million), equivalent to an increase of 2.6% in local currencies.

The order backlog totaled CHF 9 910 million as of June 30, 2016, representing a 5.8% increase compared to CHF 9 364 million as of December 31, 2015, corresponding to growth of 7.0% in local currencies.

In addition, Schindler strengthened its market presence in China with the acquisition of a minority stake in Volkslift Elevator (China) Co. Ltd., as well as in Germany with the acquisition of FB Group. The completion of the transaction in China is subject to approval by the relevant local authorities.

## **Pleasing growth in revenue**

In the first half of 2016, revenue rose by 3.4% to CHF 4 645 million (first half of 2015: CHF 4 492 million), or 3.9% in local currencies. The Americas region achieved the strongest growth, followed by Europe and Asia-Pacific.

In the second quarter of 2016, revenue grew by 4.8% to CHF 2 469 million (second quarter of 2015: CHF 2 355 million), equivalent to an increase of 4.4% in local currencies.

### **Improved operating profit and margin**

Operating profit (EBIT) improved to CHF 504 million in the first half of 2016 (first half of 2015: CHF 476 million). This corresponds to an increase of 5.9% in Swiss francs and 7.6% in local currencies.

In the second quarter of 2016, operating profit rose to CHF 269 million (second quarter of 2015: CHF 254 million). Both in Swiss francs and local currencies, operating profit grew by 5.9%. Restructuring costs incurred in the second quarter had a negative impact on operating profit of CHF 10 million.

In the first half of 2016, the EBIT margin rose to 10.9% (first half of 2015: 10.6%), or 11.1% before restructuring costs. In the second quarter of 2016, the EBIT margin reached 10.9% (second quarter of 2015: 10.8%), corresponding to 11.3% before restructuring costs. The increase in profitability was primarily driven by efficiency and cost optimization.

### **Net profit and cash flow**

In the first half of 2016, net profit increased by 3.9% to CHF 372 million (first half of 2015: CHF 358 million).

Cash flow from operating activities decreased by 9.5% to CHF 427 million (previous year: CHF 472 million) as net working capital improved only marginally compared to the first half of 2015.

### **Outlook for 2016**

Schindler continues to expect that the global elevator and escalator market will experience a slight decline in 2016 due primarily to weakening markets in China and Latin America. The markets in Asia-Pacific, excluding China, and in Europe are likely to achieve further moderate growth. In North America, Schindler continues to expect solid market growth. Furthermore, pricing pressure may persist in many markets.

For the full year 2016 – excluding any unforeseeable events – Schindler expects revenue growth of 3% to 5% in local currencies and a net profit of CHF 750 million to CHF 800 million.

# Consolidated interim financial statements

## Consolidated income statement

In CHF million	Jan.–June		Jan.–June	
	2016	%	2015	%
<b>Revenue</b>	<b>4 645</b>	<b>100.0</b>	4 492	100.0
Operating expenses	4 141	89.1	4 016	89.4
<b>Operating profit</b>	<b>504</b>	<b>10.9</b>	476	10.6
Net income from financing and investing activities	-17	-0.4	0	0.0
<b>Profit before taxes</b>	<b>487</b>	<b>10.5</b>	476	10.6
Income taxes	115	2.5	118	2.6
<b>Net profit</b>	<b>372</b>	<b>8.0</b>	358	8.0
Net profit attributable to				
Shareholders of Schindler Holding Ltd.	345		332	
Non-controlling interests	27		26	
<b>Earnings per share and participation certificate in CHF</b>				
Basic	3.23		2.99	
Diluted	3.21		2.97	

## Consolidated statement of comprehensive income

In CHF million	Jan.–June	Jan.–June
	2016	2015
<b>Net profit</b>	<b>372</b>	358
Other comprehensive income – may be reclassified to the income statement in future		
Exchange differences	2	-115
Hedging transactions	-22	23
Available-for-sale financial assets	10	43
Share of other comprehensive income of associates	1	0
Taxes	2	-8
<b>Total – may be reclassified to the income statement in future</b>	<b>-7</b>	-57
Other comprehensive income – not to be reclassified to the income statement in future		
Remeasurements of employee benefits	-93	-19
Share of other comprehensive income of associates	0	-1
Taxes	19	1
<b>Total – not to be reclassified to the income statement in future</b>	<b>-74</b>	-19
<b>Total other comprehensive income</b>	<b>-81</b>	-76
<b>Comprehensive income</b>	<b>291</b>	282
Comprehensive income attributable to		
Shareholders of Schindler Holding Ltd.	267	264
Non-controlling interests	24	18

## Consolidated balance sheet

In CHF million	Note	30.6.2016	%	31.12.2015	%
Cash and cash equivalents		2 205	26.3	1 975	23.9
Other current assets		3 287	39.2	3 494	42.3
Assets held for sale	5	63	0.7	6	0.1
<b>Total current assets</b>		<b>5 555</b>	<b>66.2</b>	<b>5 475</b>	<b>66.3</b>
Non-current assets		2 831	33.8	2 784	33.7
<b>Total assets</b>		<b>8 386</b>	<b>100.0</b>	<b>8 259</b>	<b>100.0</b>
Current liabilities		4 764	56.8	4 685	56.7
Liabilities held for sale	5	21	0.3	–	–
<b>Total current liabilities</b>		<b>4 785</b>	<b>57.1</b>	<b>4 685</b>	<b>56.7</b>
Non-current liabilities		1 260	15.0	1 217	14.8
<b>Total liabilities</b>		<b>6 045</b>	<b>72.1</b>	<b>5 902</b>	<b>71.5</b>
Equity		2 341	27.9	2 357	28.5
<b>Total liabilities and equity</b>		<b>8 386</b>	<b>100.0</b>	<b>8 259</b>	<b>100.0</b>

## Consolidated cash flow statement

In CHF million	Jan.–June 2016	Jan.–June 2015
<b>Profit before taxes</b>	<b>487</b>	476
Net income from financing and investing activities	17	–
<b>Operating profit</b>	<b>504</b>	476
Depreciation, amortization, and impairment	68	74
Change in provisions	1	–14
Other non-cash items	17	13
Dividends received	10	9
Interest paid and received	8	11
Other financial result	–37	–18
Income taxes paid	–149	–142
Change in net working capital	5	63
<b>Cash flow from operating activities</b>	<b>427</b>	472
Investments in property, plant, and equipment, net	–65	–75
Investments in intangible assets and business combinations, net	–37	–16
Change in marketable securities and long-term financial assets	225	–306
<b>Cash flow from investing activities</b>	<b>123</b>	–397
Change in financial debts	23	118
Change in non-controlling interests	1	–38
Change in treasury shares	–5	–231
Dividends paid	–324	–380
<b>Cash flow from financing activities</b>	<b>–305</b>	–531
Exchange differences	–15	–65
<b>Change in cash and cash equivalents</b>	<b>230</b>	–521
Cash and cash equivalents as at January 1	1 975	2 722
Cash and cash equivalents as at June 30	2 205	2 201

## Consolidated statement of changes in equity

In CHF million	Share and PC capital	Share premium	Treasury shares	Exchange differences	Other reserves	Retained earnings	Total	Non- controlling interests	Total Group
<b>January 1, 2015</b>	11	311	-143	-697	113	3 270	2 865	106	2 971
Net profit						332	332	26	358
Other comprehensive income				-107	58	-19	-68	-8	-76
Comprehensive income				-107	58	313	264	18	282
Dividends						-355	-355	-25	-380
Cancellation of treasury shares	-		66			-66	-	-	-
Change in treasury shares			-249			-27	-276	-	-276
Share-based payments						16	16	-	16
Change in non-controlling interests						-22	-22	-16	-38
Changes in liabilities towards non-controlling interests						7	7	-	7
<b>June 30, 2015</b>	11	311	-326	-804	171	3 136	2 499	83	2 582
<b>January 1, 2016</b>	11	311	-819	-798	122	3 449	2 276	81	2 357
Net profit						345	345	27	372
Other comprehensive income				3	-7	-74	-78	-3	-81
Comprehensive income				3	-7	271	267	24	291
Dividends						-289	-289	-35	-324
Cancellation of treasury shares	-		713			-713	-	-	-
Change in treasury shares			18			-23	-5	-	-5
Share-based payments						16	16	-	16
Change in non-controlling interests						-1	-1	2	1
Changes in liabilities towards non-controlling interests						3	3	-	3
Business combinations						-	-	2	2
<b>June 30, 2016</b>	<b>11</b>	<b>311</b>	<b>-88</b>	<b>-795</b>	<b>115</b>	<b>2 713</b>	<b>2 267</b>	<b>74</b>	<b>2 341</b>

# Notes to the consolidated interim financial statements

## 1 Business activities

The Schindler Group is one of the world's leading suppliers of elevators, escalators, and moving walks. It is active in the areas of production, installation, maintenance, and modernization in the most important markets around the globe.

The registered shares and participation certificates of Schindler Holding Ltd. are traded on the SIX Swiss Exchange.

## 2 Basis of preparation

The consolidated interim financial statements as of June 30, 2016, are based on International Financial Reporting Standards (IFRS) and have been prepared in condensed form in accordance with IAS 34 Interim Financial Reporting. The interim financial statements are unaudited.

The same accounting principles have been applied as for the Group Financial Statements as of December 31, 2015, with the exception of the amended accounting standards and interpretations that are effective as of January 1, 2016. The application of the amendments did not have any material impact on accounting practices or on the Schindler Group's financial position, results of operations, and cash flows. The accounting principles that are unchanged compared to the previous year are explained in the Group Financial Statements 2015.

The consolidated interim financial statements contain estimates, assumptions, and judgments that influence the figures presented in this report. The actual results may differ from these estimates. In the first half of 2016 an interim assessment of the discount rates on the defined benefit obligation was performed. The resulting increase in the defined benefit obligation was recognized in other comprehensive income. All other significant estimates, assumptions, and judgments remain unchanged compared to the Group Financial Statements as of December 31, 2015.

The consolidated interim financial statements as of June 30, 2016, were approved and released for publication by the Board of Directors of Schindler Holding Ltd. on August 15, 2016.

## 3 Scope of consolidation

There were no material changes to the scope of consolidation as of June 30, 2016, compared to December 31, 2015.

## 4 Translation of foreign currencies

			2016				2015
			Closing rate as of June 30	Average rate for Jan.–June	Closing rate as of December 31	Closing rate as of June 30	Average rate for Jan.–June
Eurozone	EUR	1	1.08	1.09	1.09	1.04	1.07
USA	USD	1	0.98	0.99	1.00	0.93	0.95
Brazil	BRL	100	30.34	26.82	25.16	29.72	32.31
China	CNY	100	14.69	15.08	15.30	15.02	15.27



## 5 Consolidated balance sheet

### Assets and liabilities held for sale

On April 5, 2016, Schindler announced the decision to sell its operations in Japan to Otis Japan. The closing of the transaction was not completed as of June 30, 2016. The assets and liabilities of the disposal group Japan are therefore classified as held for sale and presented separately in the balance sheet. The transaction is expected to close in the second half of 2016.

In CHF million	Disposal group		Total	
	Japan	Others	30.6.2016	31.12.2015
Cash and cash equivalents	5	–	5	–
Other current assets	25	–	25	–
Non-current assets	27	6	33	6
<b>Assets held for sale</b>	<b>57</b>	<b>6</b>	<b>63</b>	<b>6</b>
Current liabilities	19	–	19	–
Non-current liabilities	2	–	2	–
<b>Liabilities held for sale</b>	<b>21</b>	<b>–</b>	<b>21</b>	<b>–</b>

## 6 Financial instruments

### 6.1 Fair value hierarchy

In CHF million	30.6.2016			31.12.2015				
	Level 1	Level 2	Level 3	Total fair values	Level 1	Level 2	Level 3	Total fair values
<b>Financial assets</b>								
at fair value through profit or loss								
Marketable securities	6	–	–	6	8	–	–	8
Derivatives	–	13	–	13	–	17	–	17
Long-term financial assets	54	–	–	54	66	–	–	66
available-for-sale								
Marketable securities	73	–	–	73	58	–	–	58
Long-term financial assets	231	–	10	241	241	–	12	253
<b>Financial liabilities</b>								
at fair value through profit or loss								
Financial debts	167	–	–	167	246	–	–	246
Derivatives	–	18	–	18	–	19	–	19
<b>Other disclosed fair values</b>								
<b>Financial assets</b>								
Marketable securities	–	178	–	178	–	491	–	491
Derivatives	–	4	–	4	–	8	–	8
Long-term financial assets	–	289	–	289	–	210	–	210
<b>Financial liabilities</b>								
Financial debts	403	198	–	601	405	172	–	577
Derivatives	–	15	–	15	–	22	–	22
Liabilities towards non-controlling interests	–	–	93	93	–	–	96	96

The fair values of cash and cash equivalents, accounts receivable, prepaid expenses and accrued income, accrued expenses and deferred income, and accounts payable are expected to approximate their carrying amounts, given the short-term nature of these financial instruments.

There was no transfer between level 1 fair value and level 2 and no transfers into or out of level 3 during the reporting period (previous year: no transfers between the different levels).

## 6.2 Reconciliation of fair values of level 3

In CHF million	2016	2015
<b>Long-term financial assets</b>		
January 1	12	10
Changes in value recognized in other comprehensive income	-2	1
<b>June 30</b>	<b>10</b>	<b>11</b>

## 6.3 Valuation methods

The following methods and assumptions were applied to determine fair values:

- Marketable securities: The equity instruments and bonds are traded primarily in active markets and quoted prices are available (level 1). Level 2 mainly comprises time deposits with a residual maturity of 3 to 12 months. Their value is measured using the discounted cash flow method and is based on observable market data such as interest rates, counterparty risks, and other risk factors.
- Long-term financial assets: The equity instruments and bonds are traded primarily in active markets and quoted prices are available (level 1). Level 2 mainly comprises time deposits with a residual maturity of over 12 months. Their value is measured using the discounted cash flow method and is based on observable market data such as interest rates, counterparty risks, and other risk factors.
- Financial debts: The bond and the exchangeable bond that were issued are traded in active markets; quoted prices are available (level 1). Level 2 mainly comprises bank loans and liabilities to related parties.
- Liabilities towards non-controlling interests are calculated using the discounted cash flow method and are based on unobservable input parameters. As a result, they are assigned to level 3.
- Derivatives: The Schindler Group holds derivative financial instruments such as foreign currency contracts (level 2). The value of foreign currency contracts is measured on the basis of observable spot rates and yield curves using the discounted cash flow method. Schindler's own risk of default and that of counterparties are taken into account when measuring the value of derivatives.

Other level 3 financial instruments mainly comprise hedge funds and private equity investments. Their value is based on external valuations.

## 6.4 Fair value versus carrying amount

The carrying amount of the bonds issued totaled CHF 567 million as of June 30, 2016 (December 31, 2015: CHF 645 million), compared to a fair value of CHF 570 million (December 31, 2015: CHF 652 million). The decrease in both the carrying amount and fair value is mainly due to the conversions of the 0.375% exchangeable bond in the first half of 2016. The carrying amount of other financial instruments represents a reasonable approximation of their fair value.

## 7 Consolidated equity

### 7.1 Share capital and participation capital

	Number	Nominal value	in CHF Capital
<b>Share capital</b>			
June 30, 2015	68 061 802	0.10	6 806 180
December 31, 2015	68 061 802	0.10	6 806 180
Reduction as of June 3, 2016	-984 350	0.10	-98 435
<b>June 30, 2016</b>	<b>67 077 452</b>	<b>0.10</b>	<b>6 707 745</b>
<b>Participation capital</b>			
June 30, 2015	44 236 311	0.10	4 423 631
December 31, 2015	44 236 311	0.10	4 423 631
Reduction as of June 3, 2016	-3 519 480	0.10	-351 948
<b>June 30, 2016</b>	<b>40 716 831</b>	<b>0.10</b>	<b>4 071 683</b>

In accordance with the decision of the General Meeting of Shareholders of Schindler Holding Ltd. of March 22, 2016, a total of 984 350 registered shares and 3 519 480 participation certificates were cancelled by means of a capital reduction on June 3, 2016.

### 7.2 Treasury shares

	Registered shares			Participation certificates		
	Number	Average share price in CHF	Value in CHF million	Number	Average share price in CHF	Value in CHF million
January 1, 2016	1 513 747		221	3 907 999		598
Cancellation	-984 350	158.48	-156	-3 519 480	158.26	-557
Purchase	113 863	175.65	20	-	-	-
Disposal	-677	-	-	-6 334	157.88	-1
Share-based payments						
Disposal of treasury shares	-92 132	173.66	-16	-	-	-
Exercised options and Performance Share Units	-141 330	99.06	-14	-62 565	95.90	-6
Difference in value due to disposal and exercise			-			-1
<b>June 30, 2016</b>	<b>409 121</b>		<b>55</b>	<b>319 620</b>		<b>33</b>
Reserved for share-based payment plans	409 121			319 620		

### **7.3 Dividends paid**

In accordance with the decision of the General Meeting of Shareholders of Schindler Holding Ltd. of March 22, 2016, CHF 289 million in dividends were paid on March 30, 2016 (previous year: CHF 355 million). This corresponds to an ordinary dividend of CHF 2.70 per registered share and participation certificate for the financial year 2015 (previous year: ordinary dividend of CHF 2.20 and additional dividend of CHF 1.00 per registered share and participation certificate).

### **8 Contingent liabilities**

Contingent liabilities are described in the notes to the Group Financial Statements 2015. As of the balance sheet date of June 30, 2016, the total capital amount claimed jointly and severally in the civil proceedings that followed the fines under competition law and in which Schindler companies are involved as defendants was EUR 209 million. The Schindler companies in question consider the claims to be without merit.

### **9 Segment reporting**

The Elevators & Escalators segment comprises an integrated business that specializes in the production and installation of new elevators and escalators, as well as the modernization, maintenance, and repair of existing installations. The segment is managed as a global unit.

The column 'Finance' comprises the expenses of Schindler Holding Ltd., as well as centrally managed financial assets and financial liabilities that have been entered into for Group investing and financing purposes.

In addition to segment information, other selected information is published on a voluntary basis.

Since internal and external reporting is based on the same accounting principles, there is no need to reconcile the management reporting figures to the financial reporting figures.

In CHF million	Group	Finance	Elevators & Escalators	Additional information to the segment			
				Europe	Americas	Asia-Pacific, Africa	Eliminations
<b>January to June 2016</b>							
Revenue from third parties	<b>4 645</b>	–	<b>4 645</b>	1 851	1 325	1 469	–
Revenue from other regions	–	–	–	163	5	65	–233
Total revenue	<b>4 645</b>	–	<b>4 645</b>	2 014	1 330	1 534	–233
Operating profit	<b>504</b>	–15	<b>519</b>				
Additions of property, plant, and equipment, and intangible assets	<b>84</b>	–	<b>84</b>	30	18	36	–
Total depreciation and amortization	<b>68</b>	–	<b>68</b>	30	17	21	–
of which impairment	–	–	–	–	–	–	–
Income from associates	<b>9</b>	12	<b>–3</b>				
<b>January to June 2015</b>							
Revenue from third parties	4 492	–	4 492	1 756	1 290	1 446	–
Revenue from other regions	–	–	–	156	5	74	–235
Total revenue	4 492	–	4 492	1 912	1 295	1 520	–235
Operating profit	476	–16	492				
Additions of property, plant, and equipment, and intangible assets	83	–	83	25	20	38	–
Total depreciation and amortization	74	–	74	30	17	27	–
of which impairment	2	–	2	2	–	–	–
Income from associates	9	13	–4				

# Financial calendar

Publication of selected key figures as of September 30	October 25, 2016
Annual results media conference	February 15, 2017
Ordinary General Meeting Schindler Holding Ltd.	March 16, 2017

The Schindler Group's Interim Report 2016 is published in English and German. The original German version is binding.

General information about the Group as well as its Annual Reports, press releases, and details of its current share price are available at: [www.schindler.com](http://www.schindler.com).

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